

HAMILTON TOWNSHIP

**Report on Audit of Financial Statements
For the Year Ended
June 30, 2007**

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Hamilton Township	County Van Buren
Fiscal Year End June 30, 2007	Opinion Date October 19, 2007	Date Audit Report Submitted to State December 26, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

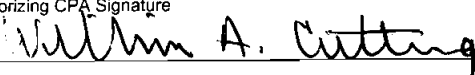
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☒ The audit opinion is UNQUALIFIED.
13. ☐ ☒ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Cutting & Cutting, P.C.		Telephone Number 269-657-4720	
Street Address 303 Paw Paw Street, Suite 4		City Paw Paw	State MI
		Zip 49079	
Authorizing CPA Signature 		Printed Name William A. Cutting	License Number 1938

CONTENTS

Financial Statements

Independent Auditor's Report	1
Combined statements	
Combined Balance Sheet-All Fund Types	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances- All Governmental Fund Types	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual-General and Special Revenue Funds	4
Notes to Financial Statements	5
Supplemental Data	
Combining Statements-Special Revenue Funds	7
Combining Balance Sheet-Trust and Agency Funds	8
General Fund	
Statement of Revenues	9
Statement of Expenditures	10
Letter of Comments and Recommendations	11

CUTTING & CUTTING, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CENTER BUILDING
303 PAW PAW STREET, SUITE 4
PAW PAW, MICHIGAN 49079-1434

WILLIAM A. CUTTING
BRUCE T. CUTTING

TELEPHONE
269-657-4720

October 19, 2007

INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Hamilton Township
Decatur, Michigan

We have audited the accompanying general purpose financial statements of Hamilton Township as of June 30, 2007, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of Hamilton Township management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Township's governmental activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Hamilton Township as of June 30, 2007, or the changes in its financial position for the year then ended.

Cutting & Cutting, P.C.

COMBINED BALANCE SHEET-ALL FUND TYPES
HAMILTON TOWNSHIP
June 30, 2007

	<u>General</u>	<u>Special Revenue</u>	<u>Trust & Agency</u>	<u>Total (Memorandum Only)</u>
Assets				
Cash	\$ 232,926	\$ 7,893	\$ 3,817	\$ 244,636
Due from State of Michigan	42,584			42,584
Due from other funds	3,831			3,831
Other receivables	<u>782</u>	<u> </u>	<u> </u>	<u>782</u>
	\$ <u>280,123</u>	\$ <u>7,893</u>	\$ <u>3,817</u>	\$ <u>291,833</u>
 Liabilities and Fund Balance				
Accounts payable	\$ 6,376			\$ 6,376
Contracts payable - Weed control	26,338			26,338
Due to General Fund		\$ 1,002	\$ 2,829	3,831
Undistributed receipts	<u> </u>	<u> </u>	<u>988</u>	<u>988</u>
Total liabilities	32,714	1,002	3,817	37,533
Fund balance	<u>247,409</u>	<u>6,891</u>	<u> </u>	<u>254,300</u>
	\$ <u>280,123</u>	\$ <u>7,893</u>	\$ <u>3,817</u>	\$ <u>291,833</u>

See notes to financial statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-ALL GOVERNMENTAL FUND TYPES
HAMILTON TOWNSHIP
June 30, 2007

	<u>General</u>	<u>Special Revenue</u>	Total (Memorandum Only)
Revenues			
Taxes	\$ 53,892	\$ 105,230	\$ 159,122
Licenses and permits	1,375		1,375
State grants	129,432		129,432
Charges for services	3,645		3,645
Interest	9,710		9,710
Other	<u>5,436</u>	<u>2,086</u>	<u>7,522</u>
	203,490	107,316	310,806
Expenditures			
General government	119,650		119,650
Public safety	9,442	105,230	114,672
Public works	79,924		79,924
Health and welfare	1,719		1,719
Community and economic development	5,516		5,516
Other	<u> </u>	<u>1,317</u>	<u>1,317</u>
	<u>216,251</u>	<u>106,547</u>	<u>322,798</u>
Excess of revenues over expenditures	(12,761)	769	(11,992)
Beginning fund balance	<u>260,170</u>	<u>6,122</u>	<u>266,292</u>
Ending fund balance	\$ <u>247,409</u>	\$ <u>6,891</u>	\$ <u>254,300</u>

See notes to financial statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
HAMILTON TOWNSHIP
Year ended June 30, 2007

	Amended Budget	General Fund		Variance Favorable (Unfavorable)	Special Revenue Funds		
		Actual			Budget	Actual	Variance Favorable (Unfavorable)
Revenues							
Taxes	\$ 48,900	\$ 53,892	\$ 4,992	\$ 88,000	\$ 105,230	\$ 17,230	
State grants	131,000	129,432	(1,568)				
Charges for services	3,500	3,645	145				
Other	<u>10,900</u>	<u>16,521</u>	<u>5,621</u>		<u>850</u>	<u>2,086</u>	<u>1,236</u>
	194,300	203,490	9,190	88,850	107,316	18,466	
Expenditures							
General government	129,200	119,650	9,550				
Public safety	12,500	9,442	3,058	88,000	105,230	(17,230)	
Public works	81,730	79,924	1,806				
Health and welfare	2,000	1,719	281				
Community and economic development	6,870	5,516	1,354				
Other	<u>2,000</u>	<u>216,251</u>	<u>2,000</u>		<u>4,850</u>	<u>1,317</u>	<u>3,533</u>
	234,300		<u>18,049</u>		<u>92,850</u>	<u>106,547</u>	<u>(13,697)</u>
Excess of revenues over expenditures	\$ <u>(40,000)</u>	(12,761)	\$ <u>27,239</u>	\$ <u>(4,000)</u>	769	\$ <u>4,769</u>	
Beginning fund balance		<u>260,170</u>			<u>6,122</u>		
Ending fund balance		\$ <u>247,409</u>			\$ <u>6,891</u>		

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
HAMILTON TOWNSHIP
June 30, 2007

1. Summary of Significant Accounting Policies

A. Reporting Entity

In accordance with generally accepted accounting principles and Government Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Township (primary government). The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Township has determined that no outside agency meets the above criteria and, therefore, no outside agency has been included as a blended or discretely presented component unit in the Township's financial statements.

B. Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

D. Budgets and Budgetary Accounting

The Township prepares a budget and a budget hearing is held. The budget is adopted at the June meeting for the next fiscal year. The budget is amended from time to time when necessary by the Township Board.

The Township exceeded the appropriated amount as shown on the budget comparison statement on pages 4 and 10.

E. Total Columns on Combined Statements-Overview

Total columns on the Combined Statements-Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these data.

2. Property Tax

The Township taxes are levied and become a lien on each December 1st based on the taxable valuation of property located in the Township as of the preceding December 31st. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls.

The 2006 taxable valuation of the Township totaled \$44,447,668 on which ad valorem taxes levied consisted of .7829 mill for the Township's operating purposes, 2 mills for fire protection, and .5 mill for quick response.

In the summer, the Township also collects the State Education Tax.

3. Risk Management

Hamilton Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries as well as medical benefits provided to employees. The Township insures with Michigan Township Participating Plan.

4. Cash

The Township maintains cash accounts for each fund. At June 30, 2007, the Township had deposits with a carrying amount of \$244,636 and a bank balance of \$260,167. The bank balance has \$150,000 covered by federal depository insurance and \$110,167 is uninsured.

The Township's deposits are in accordance with statutory authority.

5. Joint Ventures - Fire Protection and Emergency Quick Response

The Township is a member of the Decatur-Hamilton Fire District and the Decatur-Hamilton Emergency Quick Response District. The participants of the Districts include the unincorporated portions of the Townships of Decatur and Hamilton and the entire incorporated portion of the Village of Decatur. The Districts provide fire protection and ambulance/rescue services to the residents of its respective municipalities. Operating charges are assessed to the participants in a ratio proportionate to their state equalized values of real property. The Township appoints two members to each joint venture's governing board, which then approves the annual budget. Each governmental entity is also presented the annual budget and approves it. Membership does not convey an equity interest in the Districts. Amounts remitted to the Decatur-Hamilton Fire District and the Decatur-Hamilton Emergency Quick Response District in 2007 were \$84,186 and \$21,044, respectively.

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
HAMILTON TOWNSHIP
Year ended June 30, 2007

	<u>Grange Hall</u>	<u>Fire Operation</u>	<u>Fire Equipment and Quick Response</u>	<u>Total (Memorandum Only)</u>
Revenues				
Taxes		\$ 63,141	\$ 42,089	\$ 105,230
Other	\$ <u>2,086</u>	<u> </u>	<u> </u>	<u>2,086</u>
	2,086	63,141	42,089	107,316
Expenditures				
Public safety		63,141	42,089	105,230
Other	<u>1,317</u>	<u> </u>	<u> </u>	<u>1,317</u>
	<u>1,317</u>	<u>63,141</u>	<u>42,089</u>	<u>106,547</u>
Excess of revenues over expenditures	769			769
Beginning fund balance	<u>6,122</u>	<u> </u>	<u> </u>	<u>6,122</u>
Ending fund balance	\$ <u>6,891</u>	\$ <u>- 0 -</u>	\$ <u>- 0 -</u>	\$ <u>6,891</u>

See notes to financial statements.

COMBINING BALANCE SHEET-AGENCY FUNDS
HAMILTON TOWNSHIP
June 30, 2007

	Trust & <u>Agency</u>	Current <u>Tax</u>	<u>Total</u>
Assets			
Cash	\$ <u>988</u>	\$ <u>2,829</u>	\$ <u>3,817</u>
Liabilities			
Due to General Fund		\$ 2,829	\$ 2,829
Undistributed receipts	\$ <u>988</u>	<u> </u>	<u>988</u>
	\$ <u>988</u>	\$ <u>2,829</u>	\$ <u>3,817</u>

STATEMENT OF REVENUES
GENERAL FUND
HAMILTON TOWNSHIP
Year ended June 30, 2007

	Amended <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Property taxes and administrative fees	\$ 48,900	\$ 53,892	\$ 4,992
Licenses and permits	4,600	5,599	999
State shared revenues	131,000	129,432	(1,568)
Charges for services Cemetery	3,500	3,645	145
Interest	6,000	9,710	3,710
Other	<u>300</u>	<u>1,212</u>	<u>912</u>
	\$ <u>194,300</u>	\$ <u>203,490</u>	\$ <u>9,190</u>

STATEMENT OF EXPENDITURES
GENERAL FUND
HAMILTON TOWNSHIP
Year ended June 30, 2007

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General Government			
Township Board	\$ 48,400	\$ 43,202	\$ 5,198
Supervisor	10,200	9,620	580
Clerk	10,200	9,822	378
Board of Review	1,000	889	111
Treasurer	14,800	13,849	951
Assessor	9,700	9,879	(179)
Elections	4,000	3,550	450
Township Hall	14,400	13,954	446
Cemeteries	<u>16,500</u>	<u>14,885</u>	<u>1,615</u>
	129,200	119,650	9,550
 Police	 12,500	 9,442	 3,058
Drains	1,800	1,024	776
Roads	79,930	78,900	1,030
Sanitation	2,000	1,719	281
Planning	3,000	1,796	1,204
Zoning	3,870	3,720	150
Capital Expenditures	<u>2,000</u>	<u> </u>	<u>2,000</u>
	 \$ <u>234,300</u>	 \$ <u>216,251</u>	 \$ <u>18,049</u>

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WILLIAM A. CUTTING
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TELEPHONE
269-657-4720

October 19, 2007

Members of the Township Board
Hamilton Township
Decatur, Michigan

The audit work necessary to express an opinion on the financial statements of Hamilton Township included a review of the Township's accounting procedures and the related internal controls. As a result of this review we offer comments and recommendations for your consideration.

General Accounting Records and Procedures

The paper cash receipts being used do not conform to the requirements of the State of Michigan.

Internal Controls

There is not adequate segregation of duties in the accounting function. However, because of lack of personnel, this situation is not unusual in small governmental units.

The above comments are submitted to you to develop good accounting procedures and are not intended to reflect upon the performance of any individual.

Cutting & Cutting, P.C.